

SKYLINE GOLD CORPORATION(SKX-V,1)

INTERCEPT	GOLD	' REG MINE EXPLORATION PROGRAM
<u>TRUE THICKNESS</u>	<u>OZ/T</u>	' REVIEWED - In a 15Aug89 pro-
<u>DRILLED FROM UNDERGROUND</u>		'gress report Wm. F. Price,
0.7 meters	.844	'president of Skyline Gold has
1.7	.318	'reviewed 1989 exploration on
<u>DRILLED FROM SURFACE</u>		'the 100% owned <u>Johnny Mountain</u>
.3	.324	'mine property, 100 km north of
.4	.603	'Stewart, B.C. Seven 1989 drill
1.4	1.18	'hole in <u>the Pickaxe vein</u> , (SEE
1.5	.310	'TABLE), will be followed up by
.9	.310	'crosscuts on the No.11 & No.12
<u>1988 PICKAXE INTERSECTIONS</u>		'levels to prepare the area for
1.0	.862	'mining. Drilling indicates
.9	.307	' <u>the Pickaxe shoot</u> is similar
.3	1.180	'to the parallel <u>No.16 vein</u>
.3	.326	'shoot now being mined. Surface
.9	1.193	'prospecting has located a new
.5	1.099	'called the Homestake, running

 'parallel to and north of the Discovery vein. Surface trenching, mapping and sampling will be conducted to develop a possible drill target for late season exploration. Drilling continues on the 15 vein and is planned for the Gold Rush vein and other geophysical conductors. A drill hole in the McFadden zone 600 meters south of the mine cut a mineralized quartz-sulphide vein identical to the mine's vein. Assays are not reported. Drilling is continuing.

A large gossanous outcrop, up ice from the McFadden zone will be mapped and sampled.

Skyline is also examining the area between Johnny Mountain and the Snip deposit with geological mapping, line cutting, geophysical studies and soil sampling.

Stripping and trenching on the newly discovered Windsack vein, 1.4 km northeast of the mine, have established mineralization, 15 meters wide and 80 meters long, in three parallel shears, coincident with a strong geophysical anomaly 400 meters in length.

New drill targets will be selected about mid-Sept.

The company has negotiated flow through funding, expected to close Aug.21, for a portion of the 1989 present \$2,000,000 exploration program. The company also has work underway with RBC Dominion Securities Inc. toward a convertible debenture offering to raise between \$6,500,000 and \$11,500,000. The proceeds will be used to refund some debts and to supplement working capital by \$2,500,000; to install a re-grind mill costing \$500,000 designed to increase daily throughput to a consistent 350 tons/day from the present 300 to 320 tons per day and improve gold recover from the 85% range to the 90% range; plus some \$750,000 for underground development. The funding may be closed in September. (SEE GENL NO.118 & 108). The mine continues to produce on a positive cash operating basis.

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